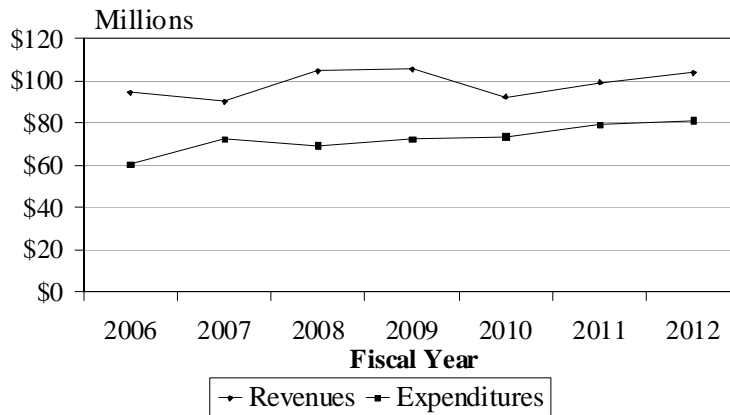


**Three Year Forecast  
Revenues and Expenditures  
Enterprise Fund – Water & Sewer**



Fiscal Years 2009 exclude through 2012 are estimated.  
Revenues transfers.

**ENTERPRISE FUNDS**

**(Funds 51 and 52)**

Enterprise Funds account for operations funded and operated in a manner similar to private business enterprises, where the intent of the County is to recover, through user charges, the cost of providing services to users of the service.

The Water and Sewer Enterprise Fund (Fund 51) accounts for the provision of water and sewer services to residents of Henrico County, and wholesale service to Hanover and Goochland Counties. The Belmont Park Golf Course Enterprise Fund (Fund 52) accounts for the operations of Belmont Park Golf Course. All activities necessary to provide such services are accounted for in the respective funds, including operations, maintenance, construction, financing, and related debt service.

The three-year forecast narrative of revenues and expenditures has been prepared for each of these operations separately, using the same basic framework as the General Fund.

**Water and Sewer Operations Fund (Fund 5101)**

**Revenues**

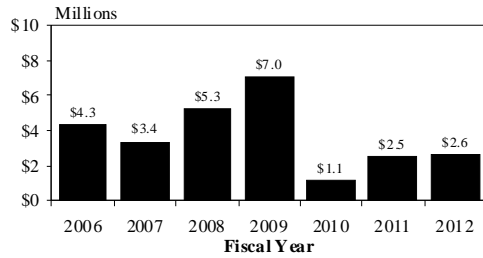
**Assumptions**

Water and Sewer Enterprise Fund revenues are forecasted with increases in customer growth necessary to keep pace with routine operating costs, expansion and rehabilitation of infrastructure and the debt service payments on outstanding debt. Forecasted revenues also satisfy the requirements of the County’s revenue bond covenants for current and future debt issues.

**Sale of Water** for FY2009-10 is based on no increase in water rates and reflects a relatively constant volume when compared to FY2008-09. Forecasts for FY2010-11 and FY2011-12 were prepared using 1.0 percent volume increases and a 4.0 percent rate increase in each year. These increases will support inflationary growth in expenditures and planned rehabilitation projects.

**Water Basic Fees** are those fees collected for initial connection to the County's water distribution system. This revenue category mirrors economic development activity and all collections are used to fund the cost of expanding

### Water Basic Fees



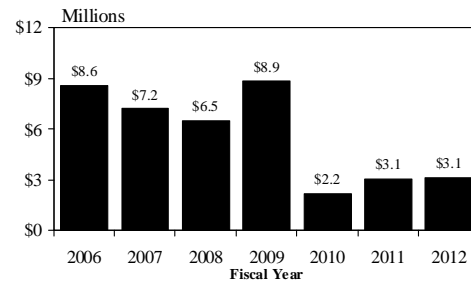
Fiscal Years 2008 through 2011 are estimated.

the County's water system. Forecasted revenue collections in FY2009-10 reflect large declines due to the decline in new residential and commercial real estate throughout the County.

**Sale of Sewer Services** for FY2009-10 is based on no rate increase. Forecasts for FY2010-11 and FY2011-12 include a 4.0 percent rate increase and 1.0 percent growth. The majority of these increases will be used to support growth in expenditures and planned rehabilitation projects.

**Sewer Basic Fees** are those fees collected for initial connection to the County's sewage system. This revenue category mirrors economic development activity and all collections are used to fund the cost of expanding the County's sewer system. Like Water Basic Fees, as noted above, forecasted revenue collections in FY2009-10 reflect the decline in new residential and commercial real estate throughout the County.

### Sewer Basic Fees



Fiscal Years 2008 through 2011 are estimated.

**(To) From General Fund** includes the General Fund payment to support debt service on the portion of the \$32.0 million subordinate Water and Sewer Revenue bonds sold in FY1997-98 to fund the infrastructure improvements of the Elko Tract in eastern Henrico County. In addition to payment of the debt service, the General Fund is also responsible for the annual repayment of the \$9.6 million loan made in FY1996-97 to the Capital Projects Fund for additional infrastructure built at the Elko Tract site. The County's year-end financial statements disclose this loan as an asset in the Water and Sewer Enterprise Fund and a liability in the Capital Projects Fund; however, the General Fund is responsible for repaying the debt. The annual repayment of this loan was included in the General Fund transfer amount in FY1998-99. However, beginning in FY1999-00, this amount has been reflected as an expenditure in the General Fund for budget purposes, therefore, it is not reflected in the General Fund transfer amount.

**Budget for Capital Use** projections represent non-bond resources, available from Water and Sewer Operations to supplement utility infrastructure rehabilitation, expansion and other capital improvement activities. The transfer amounts for the forecast period reflect the planned appropriations for capital improvement projects to be supported by non-bond resources.

### Expenditures Assumptions

Expenditures developed for the forecast period represent total operating costs for providing water and sewer service to County residents. Operating costs include infrastructure maintenance, operation of the water and sewer systems and debt service on bond issues.

**Results of Operations (Prior to Capital Expenses)** reflect the anticipated variance of revenues less expenditures.

## **Water and Sewer Construction Fund (Fund 5102)**

### **Capital Budget Expenditures**

#### **Assumptions**

**Approved/Proposed Capital Projects** are expected to total \$33.8 million in FY2009-10, \$39.7 million in FY2010-11, and \$88.2 million in FY2011-12. These projections represent expenditures for projects planned in future years listed in the Capital Projects Fund section of this budget document.

**Continuing Capital Projects** represent the expenditures in construction appropriations based on projected resources and corresponding expenditures throughout the forecast period.

### **Capital Budget Resources**

#### **Assumptions**

**Water and Sewer Revenue** projections represent non-bond resources transferred from the Operations subfund to the Construction subfund to support costs related to system rehabilitation, expansion and improvements. This transfer includes the connection fees paid by real-estate developers and new customers for initial connection to the County's water and sewer systems.

**Revenue Bonds (2006 Series)** represents the proceeds from the sale of \$80.0 million in revenue bonds issued in 2006 to finance capital projects in FY2006-07 and FY2007-08.

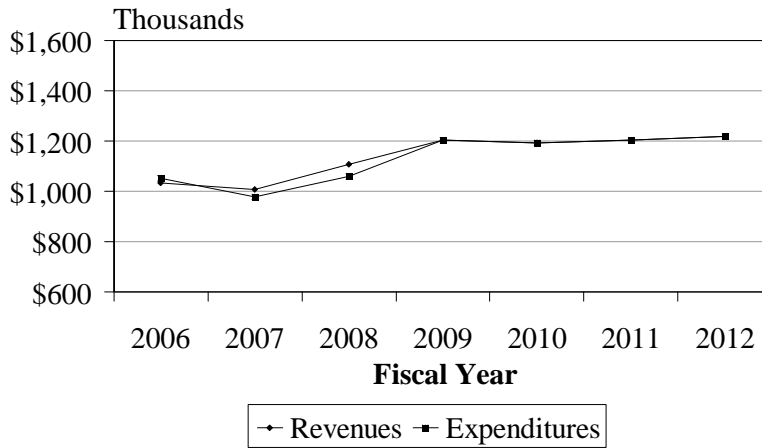
**Water & Sewer Enterprise Fund Forecast**

	<u>FY 07-08 Actual</u>	<u>FY 08-09 Original</u>	<u>FY 09-10 Forecast</u>	<u>FY 10-11 Forecast</u>	<u>FY 11-12 Forecast</u>
<b>Water &amp; Sewer Operations Subfund</b>					
<b>Revenues:</b>					
Sale of Water	\$ 41,386,822	\$ 41,835,743	\$ 41,660,433	\$ 43,743,455	\$ 45,930,627
Water Connection Fees	5,252,710	7,025,175	1,120,000	2,520,000	2,595,600
Sale of Sewer Services	40,814,021	41,005,370	41,711,421	43,796,992	45,986,842
Sewer Connection Fees	6,514,876	8,865,480	2,180,000	3,052,000	3,143,560
Miscellaneous Revenue	9,517,335	5,110,109	4,254,076	4,381,698	4,513,149
Transfer from General Fund	1,187,427	1,852,587	1,609,569	1,869,108	1,876,026
<b>Total Revenue</b>	<b>\$ 104,673,191</b>	<b>\$ 105,694,464</b>	<b>\$ 92,535,499</b>	<b>\$ 99,363,253</b>	<b>\$ 104,045,804</b>
<b>Expenditures:</b>					
Personnel	\$ 18,599,128	\$ 19,970,410	\$ 20,352,116	\$ 21,369,722	\$ 22,438,208
Operating	32,779,778	32,608,023	36,554,073	38,381,777	40,300,865
Capital Outlay	318,830	1,238,249	1,226,774	1,288,113	1,352,518
<b>Sub-Total</b>	<b>51,697,736</b>	<b>53,816,682</b>	<b>58,132,963</b>	<b>61,039,611</b>	<b>64,091,592</b>
Debt Service	17,520,907	18,105,081	15,413,013	17,702,934	17,520,393
<b>Total Expenditures</b>	<b>\$ 69,218,643</b>	<b>\$ 71,921,763</b>	<b>\$ 73,545,976</b>	<b>\$ 78,742,545</b>	<b>\$ 81,611,985</b>
<b>Results of Operations (Prior to Capital Expenses)</b>	<b>35,454,548</b>	<b>33,772,701</b>	<b>18,989,523</b>	<b>20,620,708</b>	<b>22,433,820</b>
<b>Budget For Capital Use (Below)</b>	n/a	(123,276,532)	(33,802,600)	(39,660,343)	(88,159,592)
<b>Capital Budget Expenditures</b>					
	<u>FY 07-08 Actual</u>	<u>FY 08-09 Original</u>	<u>FY 09-10 Forecast</u>	<u>FY 10-11 Forecast</u>	<u>FY 11-12 Forecast</u>
Approved Capital Projects		65,220,000	33,802,600	39,660,343	88,159,592
Continuing Capital Projects (Previously Approved) (1)	44,514,898	110,530,626			
<b>Total Capital</b>	<b>44,514,898</b>	<b>175,750,626</b>	<b>33,802,600</b>	<b>39,660,343</b>	<b>88,159,592</b>
<b>Capital Budget Resources</b>					
Water and Sewer Revenues	37,322,530	123,276,532	33,802,600	39,660,343	88,159,592
Revenue Bonds (2006 Series)	7,192,368	52,474,094	0	0	0
<b>Total Capital Budget Resources</b>	<b>44,514,898</b>	<b>175,750,626</b>	<b>33,802,600</b>	<b>39,660,343</b>	<b>88,159,592</b>

Notes:

(1) This number plus the budget figure reflects Utilities estimate of capital spending from previously Board approved capital projects. FY2007-08 represents actual spending, as per the 2008 audit.

**Three Year Forecast  
Revenues and Expenditures  
Enterprise Fund – Belmont Golf Course**



Fiscal Years 2009 through 2012 are estimated.

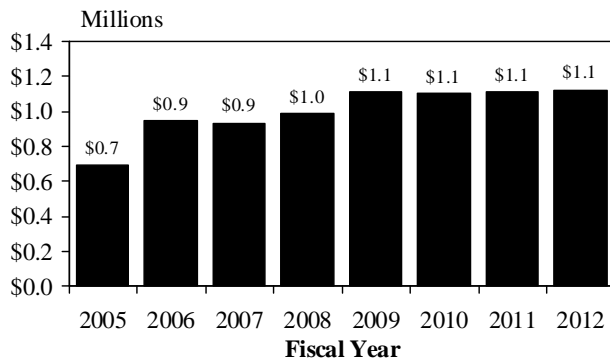
**Belmont Park Golf Course Operations (Fund 5201)**

**Revenues**

**Assumptions**

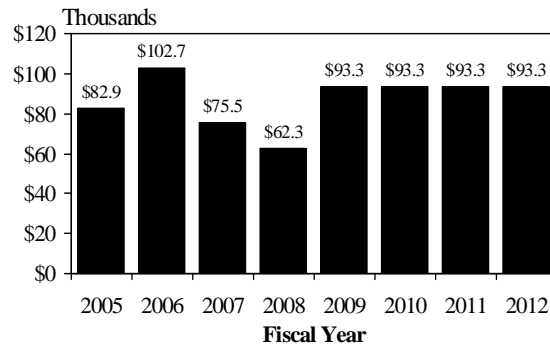
**Golf Course Fees** revenue for FY2010 is estimated to decrease from the FY2009 projection to \$1,100,274, as the number of rounds played is expected to decrease due to the downturn in the economy. There were no increases proposed for greens fees in FY2010 to help retain and attract golfers during the current recession. The revenue assumptions in this forecast are based on the current rate structure, which was restructured in FY2009 to help attract golfers during times that are historically not busy. Revenue projections for FY2011 and FY2012 are based upon modest one percent growth.

**Golf Course Fees**



Fiscal Years 2009 through 2012 are estimated.

**Snack Bar Revenues**



Fiscal Years 2009 through 2012 are estimated.

**Snack Bar Revenues** prior to January 1, 2000 were a percentage of gross receipts from the vendor operating the snack bar. Since January 1, 2000, the County operates the Snack Bar with departmental employees and collects all revenues from snack bar sales. Revenues are projected at \$93,316 for FY2010, FY2011, and FY2012.

**(To) From Golf Course Retained Earnings** is Retained Earnings from golf course operations to be used for future golf course operations, maintenance or improvements. During the forecast period there is no scheduled use of Retained Earnings.

**Expenditures**  
**Assumptions**

**Loan Repayment** is the repayment of a loan from the General Fund for physical improvements to Belmont Golf Course. Currently the golf course has an outstanding loan with the General Fund for a total of \$135,000 for physical improvements to the golf course. The loan is to be repaid in annual installments of \$22,500.

**Operational Expenses** include modest increases for course maintenance and enhancements. The forecast period establishes a balance between golf course recurring revenues and expenses in future years.

**Belmont Golf Course**  
**Enterprise Fund Forecast**

	<b>FY 07-08</b>	<b>FY 08-09</b>	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12</b>
	<b>Actual</b>	<b>Original</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Belmont Golf Course Operations</b>					
<b>Revenues:</b>					
Golf Course Fees	\$ 986,005	\$ 1,111,310	\$ 1,100,274	\$ 1,111,985	\$ 1,123,813
Snack Bar Revenues	62,264	93,316	93,316	93,316	93,316
Gain/Loss on Sale of Assets	0	0	0	0	0
Recoveries & Rebates	59,245	0	0	0	0
Total Revenues	<u>\$ 1,107,514</u>	<u>\$ 1,204,626</u>	<u>\$ 1,193,590</u>	<u>\$ 1,205,301</u>	<u>\$ 1,217,129</u>
<b>Plus:</b>					
(To)From Golf Course Retained Earning:	(46,767)	0	0	0	0
Total Resources	<u>\$ 1,060,747</u>	<u>\$ 1,204,626</u>	<u>\$ 1,193,590</u>	<u>\$ 1,205,301</u>	<u>\$ 1,217,129</u>
<b>Expenditures:</b>					
Loan Repayment*	\$ 0	\$ 22,500	\$ 22,500	\$ 22,500	\$ 22,500
Operational Expenses	1,060,747	1,182,126	1,171,090	1,182,801	1,194,629
Total Expenditures	<u>\$ 1,060,747</u>	<u>\$ 1,204,626</u>	<u>\$ 1,193,590</u>	<u>\$ 1,205,301</u>	<u>\$ 1,217,129</u>
Total Net Assets	<u>\$ 1,746,081</u>	<u>\$ 1,746,081</u>	<u>\$ 1,746,081</u>	<u>\$ 1,746,081</u>	<u>\$ 1,746,081</u>

*\*Loan repayment is to pay back a loan of \$135,000 borrowed from the General Fund for greens restoration in FY2002-03.*